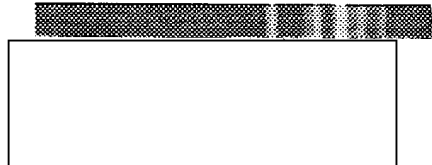




Director of Central Intelligence

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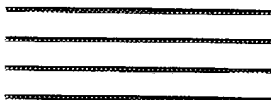


CPAS - NID 95-041CX



National Intelligence Daily

Tuesday, 21 February 1995



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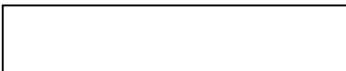
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Developments

MEXICO:

Chiapas Impasse, Rate Hike

The Zapatista rebels are refusing to resume peace negotiations until troops withdraw from former rebel territory, but President Zedillo has pledged that the government will stay put and will maintain exclusive control of Chiapas. The government also affirmed that arrest warrants for key rebel leaders, including Marcos, are still valid despite the order last week to refrain from actions that might provoke new fighting.

- The military believes the insurgency will survive if its leaders are given amnesty but is standing down on planned raids against rebel sites in Chiapas and in Puebla and will continue to obey Zedillo,



- the states of Tabasco, Oaxaca, Guerrero, Michoacan de Ocampo, and Veracruz-Llave also have the potential for social and political unrest.

More than a dozen people were injured on Sunday in San Cristobal de Las Casas after a melee between the supporters of Bishop Ruiz and protesters who demanded his resignation from the National Mediation Commission, according to press reports.

- The Commission, which both sides recognize as the sole mediation body, since last week has been calling on the military to return to its former positions outside the conflict area. The Catholic Church also has asked that Ruiz step down, *but he is not likely to abandon his controversial mediation role as long as he retains the support of local indigenous communities.*

The Bank of Mexico yesterday announced a hike in short-term interest rates of about 10 percentage points to increase capital inflow and strengthen the peso, according to press reports. The peso closed at 5.56 per dollar, up 3.5 percent from its 5.75 close on Friday.

